

FINAL BILL REPORT

SHB 2437

C 79 L 02

Synopsis as Enacted

Brief Description: Promoting economic revitalization.

Sponsors: By House Committee on Trade & Economic Development (originally sponsored by Representatives Veloria, Talcott, Conway, Darneille, Dunn, Lovick, Chase, Wood, Jackley and Ogden).

House Committee on Trade & Economic Development
Senate Committee on Economic Development & Telecommunications

Background:

A sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. A use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to the sales tax. The use tax is equal to the sales tax rate multiplied by the value of the property used. The total state and local sales or use tax rate is between 7 percent and 8.9 percent, depending on the jurisdiction.

Summary:

The legislative authority of any city or town may authorize the use of the incremental increase of its local sales and use tax revenue to finance a community revitalization project that is located within the boundaries of a downtown or one or more neighborhood commercial districts. The incremental increase in a city or town's sales and use tax is based on the amount of increased taxable retail activity over the preceding year.

A city or town must designate the boundaries of each downtown or neighborhood commercial area before the use of local sales and use tax increment revenue. The city or town may pool the local sales and use tax increment revenue collected in the various designated downtown or neighborhood commercial areas to: (1) finance, in whole or in part, downtown or neighborhood commercial district community revitalization costs; (2) pay into a bond redemption fund to pay principal and interest on general obligation bonds or revenue bonds issued to finance a downtown or neighborhood commercial district community revitalization project; and (3) combine with any other public or private funds, available to the city or town, used to finance a community revitalization project.

A community revitalization project is defined to mean: (1) health and safety

improvements; (2) publicly owned or leased facilities within the jurisdiction of the city or town; (3) project-related studies and analysis; (4) professional management, planning, and promotion within a downtown or neighborhood commercial district; (5) maintenance and security for common or public areas in the downtown or neighborhood commercial district; (6) historic preservation activities; and (7) project design, planning, land acquisition, construction, reconstruction, rehabilitation, improvement, operation, and installation of a public facility.

The Department of Revenue may provide advice or other assistance to cities and towns to assist them in determining the amount of local sales and use tax increment revenue that is generated in a downtown or neighborhood commercial area.

Votes on Final Passage:

House 90 7
Senate 42 0

Effective: June 13, 2002